

Message Text

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C O N F I D E N T I A L CARACAS 0897

E.O. 11652: GDS

TAGS: ELAB PFOR ECON VE

SUBJ: IRON MINERS DEFY PRESIDENT PEREZ

REF: CARACAS 0846

SUMMARY: CIUDAD GUAYANA IRON MINERS DEFIED THE PRESIDENTIAL DECREE ORDERING THEM BACK TO WORK WHEN FEWER THAN 5 PERCENT REPORTED FOR WORK THE MORNING OF JANUARY 23. THE CTV DENOUNCED THE STRIKE, BLAMING IT ON MULTI-NATIONAL CORPORATIONS. MAS AND MERCAU OF FETROMETAL CRITICIZED THE GOV WHILE NOT SUPPORTING THE STRIKERS. PRESIDENT PEREZ BRANDED THE STRIKE AS ANTI-PATRIOTIC AND CLAIMED IT THREATENS VENEZUELA. THE NEXT MOVE IS UP TO PRESIDENT PEREZ IN THIS MOST SERIOUS DOMESTIC POLITICAL PROBLEM HE HAS FACED IN OFFICE. MEANTIME INTENSIVE EFFORTS ARE UNDERWAY TO SETTLE THE STRIKE. END SUMMARY

1. INDUSTRY SOURCES REPORT THAT A TOTAL OF SIXTY CIUDAD GUAYANA IRON MINERS REPORTED FOR DUTY AT 7 A.M. JANUARY 23 IN RESPONSE TO THE DECREE ISSUED ON JANUARY 21 BY PRESIDENT PEREZ ORDERING ALL THE IRON WORKERS BACK ON THE JOB. THE 7 A.M. SHIFT NORMALLY CONSISTS OF WELL OVER ONE THOUSAND WORKERS. THUS THE IRON MINERS EMPLOYED AT THE ORINOCO MINING AND IRON MINES INSTALLATIONS OF THE GOV-OWNED CORPORACION VENEZOLANA DE GUAYANA (CVG) HAVE OPENLY
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AND PUBLICLY DEFIED PRESIDENT PEREZ BY REFUSING TO RETURN TO WORK.

THE PRESIDENTIAL DECREE STATED THAT ALL WORKERS WHO FAILED TO APPEAR ON JANUARY 23 WOULD BE CONSIDERED TO HAVE "ABANDONED THEIR WORK," THUS LEGALLY FOREITING ALL RIGHTS TO INDEMNIFICATION. INDEMNIFICATION FOR SOME OF THE WORKERS AMOUNTS TO AS MUCH AS FOUR YEARS PAY.

2. THE IRON MINERS MET THE EVENING OF JANUARY 22 IN WHAT IS DESCRIBED BY OBSERVERS AS THE LARGEST MASS MEETING IN THE HISTORY OF CIUDAD GUAYANA -- EVEN LARGER THAN THE MEETING WHICH HEARD PRESIDENT PEREZ FORMALLY NATIONALIZE THE MINES ON JANUARY 1, 1975 -- TO DECIDE WHAT ACTION TO TAKE ON THE PRESIDENTIAL DECREE. THE WORKERS REJECTED THE CVG OFFER OF FULL SALARY FOR TIME LOST WHILE STRIKING AND "TALKS" REGARDING SEVERANCE PAY IF THEY WOULD RETURN TO WORK ON JANUARY 23. THE WORKERS DEMANDED IMMEDIATE PAYMENT OF 50 PERCENT OF THEIR SEVERANCE PAY (60 DAYS FOR EACH YEAR WORKED) AND THE DEPOSIT OF THE REMAINING 50 PERCENT IN INDIVIDUAL BANK ACCOUNTS IN A LOCAL BANK. THE WORKERS ALSO DENOUNCED JOSE MOLLEGAS OF FETROMETAL AS A TRAITOR TO THE WORKING CLASS FOR HIS SUPPORT OF THE PRESIDENTIAL DECREE.

3. THE CONFEDERATION OF VENEZUELAN WORKERS (CTV) DENOUNCED THE STRIKE ON JANUARY 22. THE CTV STATED THAT THE STRIKE WAS PROVOKED BY MULTI-NATIONAL COMPANIES AND CALLED ON BOTH THE VENEZUELAN PEOPLE AND THE IRON MINERS TO SUPPORT NATIONALIZATION EVEN IF IT REQUIRES PERSONAL SACRIFICE.

4. PRESIDENT PEREZ WROTE AN OPEN LETTER TO CARLOS PINERUA OF FEDEPETROL CONGRATULATING HIM ON THE POSITIVE ATTITUDE OF THE PETROLEUM WORKERS TOWARD NATIONALIZATION (REFTEL) AND OFFERING THE FULL COLLABORATION OF THE GOV TO HELP THE FEDERATION GIVE THE WORKERS "PROPER ORIENTATION." PEREZ TOLD PINERUA THAT HIS DECLARATIONS WERE PARTICULARLY IMPORTANT BECAUSE OF THE UNPATRIOTIC ATTITUDE OF THE IRON MINERS, WHICH CONSTITUTES A "THREAT TO VENEZUELA."

5. CIUDAD GUAYANA LEADERS OF THE MOVIMIENTO AL SOCIALISMO (MAS) CONDEMNED THE PRESIDENTIAL DECREE AND CRITICISED THE GOV AND THE CVG FOR INADEQUATE COMMUNICATION WITH THE WORKERS. HOWEVER, MAS DID NOT ANNOUNCE FORMAL SUPPORT OF THE STRIKE. ANDRES MERCAU, GRIEVANCE SECRETARY OF FETROMETAL, AND LONG RECOGNIZED AS THE

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PRINCIPAL ADVISOR OF FETROMETAL PRESIDENT MOLLEGAS, IN AN APPARENT BREAK WITH MOLLEGAS'S POSITION (REFTEL) BRANDED THE PRESIDENTIAL DECREE AS "INADEQUATE," AND BLAMED THE STRIKE ON GOV AND CVG BUNGLING.

6. INDUSTRY SOURCES ESTIMATE THAT IRON ORE PRODUCTION COULD REACH 75 PERCENT OF NORMAL IF HALF THE WORKERS RETURNED TO WORK, AND THAT FULL PRODUCTION COULD BE RESTORED IN THREE MONTHS IF HALF OF THE

LABOR FORCE WERE REPLACED WITH INEXPERIENCED WORKERS. WITH FEWER THAN 5 PERCENT OF THE WORKERS OBEYING THE PRESIDENTIAL DECREE, PRODUCTION IS AT A STANDSTILL.

7. NO VIOLENCE OF ANY SORT HAS BEEN REPORTED TO DATE.

8. COMMENT: THE WORKERS' MASSIVE REJECTION OF PRESIDENT PEREZ'S DECREE PUTS THE BALL BACK IN HIS COURT. THE PRESIDENT OF THE CVG, THE VICE-MINISTER OF LABOR, LEADERS OF THE CTV, COMPANY OFFICIALS AND OTHERS ARE ALL CONVERGING ON CIUDAD GUAYANA TODAY TO TRY TO FIND A SOLUTION TO THE MOST SIGNIFICANT DOMESTIC POLITICAL CHALLENGE TO THE PEREZ ADMINISTRATION SINCE IT TOOK OFFICE LAST MARCH.

RE ALLEGATION BY CTV THAT "STRIKE WAS PROVOKED BY MULTINATIONAL COMPANIES," THIS IS PURE EYEWASH AND PROBABLY NOT BELIEVED BY ANYONE, INCLUDING THE CTV. IN FACT, LAST NIGHT COHLMAYER, PRESIDENT OF ORINOCO MINING, TOLD ME THAT IN FINAL SETTLEMENT WITH GOV, U.S. STEEL HAD EXPLICITLY LEFT LABOR PROBLEMS IN THE PROVINCE OF THE VENEZUELAN GOVERNMENT AND ITS SUBSIDIARY, THE CORPORACION VENEZOLANA DE GUAYANA.

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